


CA20N
ST
-A56

Governmental
Publications

Stadium Corporation of Ontario
(STADCO)

Annual Report (1993)



Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

<https://archive.org/details/31761114706997>

STADIUM CORPORATION OF ONTARIO
(STADCO)

1993 ANNUAL REPORT

During 1993, StadCo performed very well across all areas of its operation, expanding on the success of 1992. This achievement is a result of the revitalization of its Mission and Values and a focus on maintaining its leading position as one of the "World's Greatest Entertainment Centres".

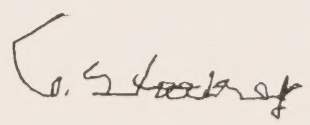
Overall, revenue events increased to 256 (+8% from 1992), with highlights being the Toronto Blue Jays' second A.L.C.S. and World Series Championships. Total attendance at the SkyDome exceeded \$5.7 million, down slightly from 1992. Another successful event was the World Indoor Track Championships. Guest research scores continued to improve and exceed previous results in the areas of friendliness, cleanliness and overall satisfaction. SkyDome's position within the industry remained strong with its fourth win as North America's "Stadium of the Year". In addition to the Blue Jays' World Series Parade SkyDome continued its commitment to community involvement with two Toronto Blue Jays' and two Toronto Maple Leafs' playoff games and the final episode of the "Cheers" television show shown on the JumboTron screen. In 1993, SkyDome hosted most events of any facility in North America.

Revenue from all sources (events, SkyBoxes, concessions, hotel, etc.) was \$57.76 million during 1993, a slight increase over 1992. Expenses continued to decline (down 6% from 1992) to \$22.2 million primarily due to decreases in full-time manpower and improved operating efficiencies. The operation of the fitness club was transferred to Curzons Fitness Clubs under a management agreement and a new positioning of SkyDome Hotel as the "World's Only Sports and Entertainment Hotel" improved StadCo's financial results. SkyDome's operating profit continues to be highest of any stadium/arena in North America at \$35.5 million. SkyDome taxes, including realty, business and CCT approximated \$10.1 million. Total StadCo indebtedness increased \$25.1 million on the year to \$395 million, however, due to lower interest rates, interest expense for the year declined to \$21.3 million. After depreciation of \$18.3 million, the net loss for 1993 was \$14.2 million - an improvement of \$7.4 million over the previous year.

On March 16, 1994, the Province and Stadium Corporation of Ontario Limited completed the sale of SkyDome to Stadium Acquisition Inc. The net sale proceeds available to the Province after all adjustments are made in accordance with the purchase agreement are approximately \$134 million.

Respectfully submitted this 20th day of September, 1994




Graham Stoodley
President

AYO-3857



FINANCIAL STATEMENTS

**STADIUM CORPORATION OF
ONTARIO LIMITED**

December 31, 1993

STANDARD CORPORATION OF
NEW YORK

December 31, 1959

STANDARD CORPORATION

AUDITORS' REPORT

To the Shareholder of
Stadium Corporation of Ontario Limited

We have audited the balance sheet of **Stadium Corporation of Ontario Limited** as at December 31, 1993 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada,
March 25, 1994
[except as to note 5[a] which
is as of July 19, 1994].

Ernst + Young

Chartered Accountants

ALPHABETICALLY

To the Honorable
Secretary, Commission on the Status of Women

The following information was obtained from the records of the Commission on the Status of Women, dated 1964, and is being submitted to you for your information. It is requested that you advise the Commission of any changes or additions to this information.

The Commission on the Status of Women was established in 1961 by the President of the United States. Its purpose is to study and report on the status of women in the United States and to recommend ways to improve their status. The Commission is composed of members from various Federal departments and agencies, and it holds public hearings and receives suggestions from the public.

The Commission has held several public hearings on the status of women, and it has received many suggestions from the public. It is currently studying these suggestions and will report its findings to the President.

Thank you for your cooperation.

Sincerely,
[Signature]

Enclosed
100-100000-1000
100-100000-1000

Stadium Corporation of Ontario Limited
Incorporated under the laws of Ontario

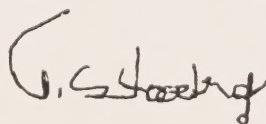
BALANCE SHEET

As at December 31

	1993 \$	1992 \$
	[000's]	
ASSETS		
Accounts receivable	5,493	6,123
Prepaid expenses	1,002	1,232
	6,495	7,355
Project costs, net [notes 1 and 3]	329,115	550,789
Fixed assets, net [note 4]	5,470	4,946
	334,585	555,735
	341,080	563,090
LIABILITIES AND SHAREHOLDER'S DEFICIENCY		
Bank indebtedness	875	362
Accounts payable and accrued liabilities	33,911	36,562
Province of Ontario - promissory notes [note 5[a]]	132,000	370,089
- loans [note 5[a]]	3,723	4,404
Promissory notes [notes 5[c] and [d]]	15,925	15,925
Proceeds from sale of preferred rights [notes 5[c] and [d]]	106,684	109,033
Proceeds from sale of SkyBox rights [note 6[a]]	37,669	39,237
Proceeds from sale of club seat rights [note 6[b]]	11,900	12,011
Other deferred revenue	3,022	2,561
Total liabilities and deferred revenue	345,709	590,184
Contingencies [notes 1, 8 and 9]		
Shareholder's deficiency		
Share capital [note 7]	30,000	30,000
Contributed capital [notes 5[a], [b], [c] and [d]]	303,874	41,174
Deficit	(338,503)	(98,268)
Total shareholder's deficiency	(4,629)	(27,094)
	341,080	563,090

See accompanying notes

On behalf of the Board:



Director

Director

Stadium Corporation of Ontario Limited

STATEMENT OF OPERATIONS AND DEFICIT

Year ended December 31

	1993 \$	1992 \$ [000's]
REVENUE		
SkyBoxes, club seats and preferred rights	22,571	22,718
Facility rentals and concessions	12,669	13,703
Hotel, fitness club and parking	12,548	12,452
Advertising and other	9,973	8,797
	<u>57,761</u>	<u>57,670</u>
EXPENSES		
Hotel, fitness club and parking	9,534	9,739
Salaries, wages and benefits	7,103	7,867
Operating and building [net of recoverables]	3,917	3,890
General and administrative	1,440	1,742
Marketing, advertising and promotion	241	395
	<u>22,235</u>	<u>23,633</u>
Income before interest, taxes and depreciation	35,526	34,037
Interest	21,313	26,991
Realty, business and other taxes [note 8]	10,116	10,682
Depreciation	18,332	18,035
	<u>49,761</u>	<u>55,708</u>
Net loss before writedown of project costs and accounts receivable	14,235	21,671
Writedown of project costs and accounts receivable [notes 1 and 3]	226,000	—
Net loss for the year	<u>240,235</u>	<u>21,671</u>
Deficit, beginning of year	98,268	76,597
Deficit, end of year	<u>338,503</u>	<u>98,268</u>

See accompanying notes

Stadium Corporation of Ontario Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	1993 \$	1992 \$
	[000's]	
OPERATING ACTIVITIES		
Net loss for the year	(240,235)	(21,671)
Deferred SkyBox and club seat receipts	2,645	527
Add (deduct) items not affecting cash		
Writedown of project costs and accounts receivable	226,000	—
Depreciation	18,332	18,035
Amortization of SkyBox, club seat and preferred rights	(6,673)	(6,487)
Net change in accounts receivable, prepaid expenses, accounts payable and accrued liabilities and other deferred revenue	1,378	114
Cash provided by (used in) operating activities	1,447	(9,482)
FINANCING ACTIVITIES		
Principal repayment of Province of Ontario loans	(681)	(681)
Cash used in financing activities	(681)	(681)
INVESTING ACTIVITIES		
Project costs	(19,131)	(17,780)
Increase (decrease) in accounts payable and accrued liabilities	(5,108)	15,230
Purchase of fixed assets	(1,651)	(1,932)
Cash used in investing activities	(25,890)	(4,482)
Net increase in borrowings during the year	25,124	14,645
Net borrowings, beginning of year	370,451	355,806
Province of Ontario promissory notes forgiven	(262,700)	—
Net borrowings, end of year	132,875	370,451
Net borrowings are represented by		
Province of Ontario promissory notes	132,000	370,089
Bank indebtedness	875	362
	132,875	370,451

See accompanying notes

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1993

1. STADIUM CORPORATION OF ONTARIO LIMITED [THE "CORPORATION"]

The Corporation owned and operated an entertainment centre [the "SkyDome"] which included the first urban multi-purpose domed stadium with a fully retractable roof, a hotel, fitness club and other facilities.

On March 16, 1994, based on an agreement amongst the Corporation, the Province of Ontario and Stadium Acquisition Inc. ["SAI"], the Corporation sold substantially all of its net assets and operations for consideration of approximately \$151 million which includes \$17.6 million in non-voting preferred shares. In addition, the promissory notes payable by the Corporation to Dome Consortium Investments Inc. ["Consortium"] in the amount of \$13 million were forgiven by the Consortium and the Corporation discontinued the revolving credit arrangement with the bank. The preferred shares provide for non-cumulative dividends based on an agreed-upon calculation and under certain conditions are redeemable and retractable at varying amounts based on a term of 22 years. The amount of the net loss on the sale is approximately \$226 million and has been written off to accounts receivable and project costs [note 3]. Substantially all of the assets and liabilities have been transferred to SAI which will continue to operate the SkyDome. The promissory notes payable to the Province of Ontario have been retained by the Corporation [note 5[a]].

The agreement provides that certain contingent liabilities are to be shared by the Corporation and SAI on an agreed-upon basis. The agreement also provides, as part of the consideration, that the Corporation shall have a continuing right to participate in gains related to certain dispositions of part or all of the SkyDome over a term of 22 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fixed assets and project costs

All costs associated with the Project's construction, including development, indirect construction expenditures and interest costs, are capitalized and included in project costs. Proceeds from promotions and interest income earned during construction were netted against project costs.

Fixed assets and project costs are depreciated on a straight-line basis over their estimated useful lives as follows:

Base stadium	50 years
Stadium equipment and finishes	25 to 50 years
Scoreboards, signage and production equipment	5 to 15 years
Artificial turf, seats and stadium accessories	5 to 15 years
Vehicles, machinery and equipment	5 to 10 years
Furniture, fixtures and office equipment	3 to 10 years

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1993

SkyBox and club seat rights

Proceeds from the sale of rights to SkyBoxes and the use of club seats are amortized over the terms of their respective agreements.

Preferred rights

Proceeds from the sale of preferred rights are amortized over the estimated life of the base stadium.

Facility rentals and fees

Facility rentals and fees are recognized as revenue once the related event has occurred. Accordingly, deposits received and expenditures incurred prior to the event are deferred until the event has been completed.

3. PROJECT COSTS

		1993	
	Cost	Accumulated	Net
	\$	depreciation	book value
		\$	\$
		[000's]	
Base stadium	470,846	39,168	431,678
Stadium equipment and finishes	92,008	9,798	82,210
Scoreboards, signage and production equipment	35,644	11,659	23,985
Artificial turf, seats and stadium accessories	16,215	6,154	10,061
Vehicles, machinery and equipment	10,239	5,537	4,702
Furniture, fixtures and office equipment	3,102	3,023	79
Project costs before writedown	628,054	75,339	552,715
Writedown of project costs			(223,600)
			329,115

NOTES TO FINANCIAL STATEMENTS

December 31, 1993

	1992		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
	[000's]		
Base stadium	451,411	30,277	421,134
Stadium equipment and finishes	92,312	7,385	84,927
Scoreboards, signage and production equipment	35,644	8,976	26,668
Artificial turf, seats and stadium accessories	16,215	4,755	11,460
Vehicles, machinery and equipment	10,239	4,338	5,901
Furniture, fixtures and office equipment	3,102	2,403	699
	608,923	58,134	550,789

4. FIXED ASSETS

	1993		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
	[000's]		
Stadium and other operating equipment	7,279	2,115	5,164
Computer equipment	963	736	227
Office furniture and equipment	662	583	79
	8,904	3,434	5,470

	1992		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
	[000's]		
Stadium and other operating equipment	5,719	1,282	4,437
Computer equipment	872	558	314
Office furniture and equipment	662	467	195
	7,253	2,307	4,946

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1993

5. FUNDING SOURCES

	Province of Ontario [a] \$	Municipality of Metropolitan Toronto [b] \$	Consortium [c] \$	Other corporations [d] \$	Total \$
	[000's]				
Province of Ontario					
- promissory notes	132,000	—	—	—	132,000
- loans	3,723	—	—	—	3,723
Promissory notes	—	—	13,000	2,925	15,925
Proceeds from sale of preferred rights	—	—	117,000	450	117,450
Share capital	30,000	—	—	—	30,000
Contributed capital	262,700	30,000	674	10,500	303,874
	428,423	30,000	130,674	13,875	602,972
Less accumulated amortization	—	—	10,725	41	10,766
Net	428,423	30,000	119,949	13,834	592,206

[a] Province of Ontario

Prior to 1990, the Province of Ontario purchased 30,010 shares of the Corporation for consideration of \$30,000,010.

The Province of Ontario initially advanced \$5,766,000 to the Corporation of which \$681,000 was repaid in each of 1991, 1992 and 1993. \$1,000,000 of the outstanding loan amount is non-interest bearing and is repayable to the extent earnings are available for distribution. The remaining loan amount outstanding of \$2,723,000 bears interest at treasury bill rates established annually and is repayable in four equal annual instalments on January 1 of each of the next four years.

Promissory notes in the amount of \$394,700,000 were issued to the Province of Ontario bearing interest at rates that approximate bankers' acceptance rates. These notes have short-term maturity dates and have been renewed on a continuing basis. After the sale of the Corporation's net assets on March 16, 1994, \$132,000,000 was paid to the Province of Ontario on account of the outstanding promissory notes, and the balance of the promissory notes in the amount of \$262,700,000 was forgiven by the Province of Ontario on July 19, 1994 and is included in contributed capital.

NOTES TO FINANCIAL STATEMENTS

December 31, 1993

[b] Municipality of Metropolitan Toronto

The Municipality of Metropolitan Toronto contributed \$30,000,000 to the Corporation.

[c] Consortium

At December 31, 1993, 26 Canadian corporations ["Consortium Members"] have contributed to the financing of the Project. For consideration of \$4,500,000 [in aggregate \$117,000,000] each Consortium Member received certain preferred rights in the supply of goods and services, in the allocation of seating, and in advertising within the stadium for a 10-year period valued at \$4,200,000 and an option, valued at \$300,000, to extend the period of the preferred rights. During the year, the Corporation recognized revenue of \$2,340,000 [1992 - \$2,340,000] from the amortization of the preferred rights. At December 31, 1993, the unamortized proceeds from the sale of these preferred rights amounted to \$106,275,000.

In addition, these Consortium Members have subscribed for shares of the Consortium, a private company. At December 31, 1993, the Consortium had loaned \$13,000,000 from these share subscriptions to the Corporation in the form of non-interest bearing promissory notes repayable upon the formation of a partnership to acquire the Project between the Consortium and the Corporation [note 1].

[d] Other corporations

At December 31, 1993, three other corporations have each made contributions of \$3,500,000 [in aggregate \$10,500,000] as well as loans of \$1,350,000 each [in aggregate \$4,050,000] to the Corporation, of which \$1,125,000 has been repaid resulting in a balance outstanding of \$2,925,000. The Corporation has issued promissory notes for the loans which bear no interest and are repayable in instalments of \$1,125,000 in 1994 and \$1,800,000 in 1999. In addition, for consideration of \$150,000 each [in aggregate \$450,000], the corporations received certain advertising and promotional rights. During the year, the Corporation recognized revenue of \$9,000 from the amortization of the preferred rights. At December 31, 1993, the unamortized proceeds from the sale of these preferred rights amounted to \$409,000.

6. SKYBOX AND CLUB SEAT FEES

[a] SkyBoxes

The Corporation sold the rights to the use of 112 SkyBoxes for a 10-year period expiring December 31, 1999. Fourteen of these SkyBoxes prepaid the full term prior to the commencement of operations; the remainder of the SkyBoxes pay annual instalments. In 1993, the Corporation recognized revenue of \$16,808,000 from the amortization and receipt of these proceeds. At December 31, 1993, the unamortized proceeds from the sale of SkyBox rights amounted to \$37,669,000.

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1993

[b] Club seats

The Corporation received subscription fees of \$20,637,000 from the sale of rights to the use of club seats for a 10-year period. In 1993, the Corporation charged an annual fee of \$250 per club seat. During the year, the Corporation recognized revenue of \$1,973,000 from the amortization of subscription fees and earned \$1,441,000 in annual fees. At December 31, 1993, the unamortized proceeds from the sale of club seat rights amounted to \$11,900,000.

7. SHARE CAPITAL

The following is a summary of the Corporation's share capital as at December 31:

	1993	1992
	\$	[000's] \$
Authorized		
Unlimited number of common shares		
Issued		
30,010 common shares [1992 - 30,010]	30,000	30,000

8. REALTY, BUSINESS AND OTHER TAXES

The Corporation is a Crown corporation and is exempt from federal and provincial income and capital taxes. Taxes included in the statement of operations and deficit reflect the assessments received for realty, business and other taxes.

The Corporation continues to appeal all current and prior years' tax assessments received and relating to operations.

9. CONTINGENCIES

Various claims have been made against the Corporation with the total estimated potential value of approximately \$5 million. At this time, no amount has been provided in the financial statements in respect of these claims as the merits of these claims and the resulting amounts are not determinable.

In addition, the Corporation is party to an agreement relating to a parking facility which may require future expenditures but the timing and amounts involved, if any, are not reasonably determinable.

NOTES TO FINANCIAL STATEMENTS

December 31, 1988

(b) Our year

The Corporation's financial statements for the year ended December 31, 1988, were audited by the Chartered Accountants of Ontario, Chartered Accountants, and the audit report of the Chartered Accountants of Ontario, Chartered Accountants, dated March 1, 1989, is set out on page 10 of the financial statements. The Corporation's financial statements for the year ended December 31, 1987, were audited by the Chartered Accountants of Ontario, Chartered Accountants, and the audit report of the Chartered Accountants of Ontario, Chartered Accountants, dated March 1, 1988, is set out on page 10 of the financial statements.

7. SHARE CAPITAL

The following is a summary of the Corporation's share capital as at December 31, 1988:

1988	1987
Authorized shares	Authorized shares

Authorized shares of \$100,000,000

1988	1987
Issued shares	Issued shares

8. REALTY, BUSINESS AND OTHER ASSETS

The Corporation is a realty company and is engaged in the acquisition, development, construction and sale of realty. The Corporation's realty assets are classified as follows:

The Corporation's realty assets are classified as follows:

9. CONTINGENCIES

At December 31, 1988, the Corporation had no contingencies. The Corporation's realty assets are classified as follows:

At December 31, 1988, the Corporation had no contingencies. The Corporation's realty assets are classified as follows:

3 1761 11470699 7

